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**State of Vermont**  
**Vermont Department of Education**  
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To: Superintendents  
Business Managers  
Special Education Directors

From: Margaret C. Schelley  
Assistant Director for Special Education Finance & Medicaid

Subject: Level Funding of State Appropriations for Special Education for FY 2010

Date: February 12, 2009

Field Memo # 09-01

On December 19<sup>th</sup>, we sent out a memorandum concerning the FY 2010 Preliminary Special Education Formula Funding Projections. The projections for K-12 special education costs were based on the service plan projections submitted by all supervisory unions in October. The projections were also based on statutory language concerning how the funding is calculated including an overall 60% State share for K-12 special education. Since those projections were released the State Board of Education has adopted the Governor's proposal for a level Education fund in FY 2010 at a special meeting on January 23, 2009.

The purpose of this memorandum is to provide you information on what level funding would mean for special education funding for school districts for FY 2010. The effect would be different for the different State funding categories and I have tried to explain the changes that we would expect to be used to implement level funding by the different funding categories. The actual appropriation levels will be decided through the State budget process.

#### **Essential Early Education (EEE) Grants**

The appropriation for EEE grants according to 16 V.S.A. § 2948 (c) is inflated each year based on the New England Economic Project index. This would have increased the FY 2009 appropriation for EEE grants from \$5,517,841 to \$5,742,960. To level fund this appropriation would keep the FY 2009 appropriation level of \$5,517,841 but we would propose distributing the funds based on the updated ADM of Grades 1-3. Attachment 1 shows the revised EEE grant amounts for FY 2010 assuming a level funded appropriation.

#### **State K-12 Special Education Funding Formula**

To level fund the appropriation for K-12 special education funding formula, we would propose level funding the amount available for the State-wide programs and decrease the Special Education Expenditures Reimbursement rate. This would allow the Mainstream Block Grant calculation and Extraordinary Reimbursement to remain as they currently are in statute.

Attachment 2 shows the revised formula projections. The projections are based on the special education costs estimated on the FY 2010 Service Plans submitted in October. These projections also still assume level funding of the IDEA-B grants for FY 2010. When we have definite information about the level of IDEA-B funding available for next fiscal year, we will provide you with that information.

### **State-Placed Student Funding**

The third category of state funding relating to special education proposed for level funding is the State-Placed Student appropriation. What level funding for this appropriation will mean is difficult to project as the likely costs for FY 2010 are difficult to project. FY 2009 is the first year that the State is paying 100% of mainstream special education cost for State-Placed students and we only have the costs reported for the period of July 1, 2008 through October 31, 2008 so we are unsure of what the cost will be for FY 2009. Also there are changes which took effect this January 1<sup>st</sup> regarding the statutory process that Department of Children and Families use for taking children into state custody. The change may effect how many students are State-Placed.

The two primary categories of this appropriation are LEA reimbursement for Worksheet A claims (special education services for State-Placed Students) and Individual Residential Placements for the education cost of students placed by State agencies in residential facilities. We do not see a realistic way to not pay for the education portion of the cost of residential placements. We will work with the other State agencies to try to keep these costs down but once a placement is made, the cost is incurred for the duration of the State agency's funding of that student's placement. **Therefore, if the level funded appropriation does not provide sufficient funds for the costs that will be incurred, the department may need to reduce the funding provided to school districts to less than 100%.**

We ask that school districts provide us as accurate information as possible on the Worksheet A's especially for the period ending February 28, 2009. That report requires an estimate of the total costs to be claimed on Worksheet A for each student for FY 2009. Those estimates will play an important role our estimates of whether the State-Placed student funding will be sufficient.

Enclosures:

Attachment 1 FY 2010 Essential Early Education Grant - Level Funding

Attachment 2 FY 2010 Special Education Funding Formula Projections - Level Funding